

FY 2007 Budget Summary

- The FY 2007 General Fund budget began with a \$302.3 million positive balance. This was approximately \$204 million above the Legislature's projection.
- Shortly after taking office, Governor Risch called a Legislative Special Session in an attempt to provide immediate property tax relief due to the escalating property tax values facing Idaho citizens. On Friday, August 25, 2006 the Legislature passed HB 1, which transferred the maintenance and operations component for local public schools from the property tax levy, onto the General Fund. HB 1 also permanently increased the sales tax rate from 5% to 6% to fund this change, transferred \$100 million from General fund to the Education Stabilization Fund to provide economic stability for public school funding, and appropriated an additional \$250,645,700 for public schools in FY 2007.

The Legislature included a voter approval provision for the November 2006 election in HB 1, to ensure the citizens of Idaho agreed with this change in tax rate and funding for public schools. Voter approval rating was 72%.

- The Legislature accepted the Governor's FY 2007 General Fund revenue estimate of \$2,706.3 million. This is an increase of \$401.3 million from the projection at the end of the 2006 session. This increase is primarily due to better than expected economic performance in Idaho.
- The Legislature lowered the amount of General Fund transferred to the Permanent Building Fund from the Governor's recommendation by approximately \$14.5 million by eliminating a new parking structure on the Capitol mall, a new sprung structure to house offenders, and additional storage space for the Idaho State Historical Society. The funds will be used to address a statewide backlog of alteration, repair and life safety issues, as well as several agency projects.
- The Legislature added \$5.1 million from the General Fund to the Capitol Commission Endowment Income Fund for additional expenses associated with the Capitol restoration for the storage and restoration of historical furniture and artifacts. This funding will also be used to purchase new furnishings for the Legislative Branch when they return to the completed and expanded Capitol.
- FY 2007 deficiency warrants for hazardous substance emergency responses, pest control, and fire suppression totaled approximately \$4.6 million. Fire suppression costs were \$1.3 million less than originally projected by the Department of Lands.
- The Legislature made major changes to the Governor's recommended budget for the Department of Health and Welfare by further reducing the FY 2007 Medicaid General Fund budget by \$2.5 million and \$8.3 million total funds. The department is unsure how this reduction will impact beneficiaries, but it may have the potential to cause payments to beneficiaries to be held due to the reduction.
- The Legislature appropriated to the Department of Correction a General Fund supplemental in line with the Governor's recommendation for \$3.02 million to cover the cost of additional beds, medical service cost increases, utility and fuel cost increases, and an increase in Parole Commission office space. The Legislature also set aside \$500,000 one-time General Fund, to be utilized in the event there are significant increases in the number of state inmates committed to the county jail population.
- In contrast to the additions for the Department of Correction FY 2007 budget, the Legislature further increased the recommended rescission of \$2.4 million to \$3.1 million eliminating funding for the Correctional Alternative Placement Program. Due to contract negotiations and other issues, the program was not able to stay on schedule to be implemented in FY 2007.

FY 2007 General Fund Comparative Summary

| Revenues: | Revised Exec. Budget | Legislative Appropriation | Difference |
|---|-------------------------|------------------------------|----------------------|
| Beginning balance | \$302,252,000 | \$302,252,000 | \$0 |
| FY 2007 Base General Fund revenue (3.4% growth rate) (Note 1) | \$2,706,325,000 | \$2,706,325,000 | \$0 |
| Transfers and Disbursements: | | | |
| Transfer from Rev. Dev. Loan Fund (repayment HB 392, 2005 session) | \$21,300,000 | \$21,300,000 | \$0 |
| Transfer to Public School Facilities Cooperative Fund (HB 743/864) | (25,000,000) | (25,000,000) | 0 |
| Transfer to the Public Education Stabilization Fund (HB 866) | (10,000,000) | (10,000,000) | 0 |
| Transfer to the Permanent Building Fund (HB 839) | (21,000,000) | (21,000,000) | 0 |
| Transfer to the Permanent Building Fund additional projects (HB 277/325) | (113,663,600) | (99,202,600) | (14,461,000) |
| Transfer to the Capitol Commission Endowment Income Fund (HB 277) | 0 | (5,150,000) | 5,150,000 |
| Transfer to the Economic Recovery Reserve Fund (Note 2) | (23,864,200) | (23,864,200) | 0 |
| Transfer to the Public Education Stabilization Fund (HB 1) | (100,000,000) | (100,000,000) | 0 |
| Transfer to the Budget Stabilization Fund (Idaho Code 57-814) | (12,917,600) | (12,917,600) | 0 |
| Transfer to the Disaster Emergency Fund (Exec. Order 2006-27,37) | (3,125,000) | (3,125,000) | 0 |
| Deficiency Warrants | | | |
| Military Division for Haz. Substance Emergency Response Fund (SB 1034) | (65,600) | (65,600) | 0 |
| Dept. of Agric. for Pest Control Fund (SB 1034) | (124,400) | (124,400) | 0 |
| Dept. of Lands for fire suppression (SB 1034) | (5,712,200) | (4,379,800) | (1,332,400) |
| Total Transfers and Disbursements | (\$294,172,600) | (\$283,529,200) | \$10,643,400 |
| Total General Fund Available | \$2,714,404,400 | \$2,725,047,800 | \$10,643,400 |
| Expenditures: | | | |
| FY 2007 original appropriations | \$2,343,077,800 | \$2,343,077,800 | \$0 |
| Prior year reappropriations | 3,594,100 | 3,594,100 | 0 |
| Replace public schools property taxes (HB 1) | 250,645,700 | 250,645,700 | 0 |
| Supplementals | 8,912,700 | 7,267,300 | (1,645,400) |
| Rescissions | (15,030,200) | (16,748,000) | (1,717,800) |
| Other state agency adjustments | (32,400) | (732,400) | (700,000) |
| LSO adjustment for Health and Welfare prior year reversion | 0 | (1,497,300) | (1,497,300) |
| Total Expenditures | \$2,591,167,700 | \$2,585,607,200 | (\$5,560,500) |
| Projected Ending Balance | \$123,236,700 | \$139,440,600 | \$16,203,900 |
| Percentage Change from FY 2006 original appropriation | 16.8% | 16.6% | |
| Percentage Change Expenditures and Transfers from FY 2006 original appropriation | 30.11% | 29.38% | |

Notes:

- The FY 2007 base General Fund revenue projection reflects the most recent revenue forecast (December 2006). As of the end of March 2007, year-to-date collections are approximately \$20 million less than projected.
- There are 15 bills that transfer money from the General Fund to the Economic Recovery Fund in FY 2007. All of the agency appropriations are one-time in nature, but most are for a two-year time period. The bills are HB 868 through 874 and SB 1493 through 1500.
- HB 325 transfers \$98,336,600 from the General Fund (one-time) to the PBF in FY 2007 to add cash to PBF's dedicated revenues. The cash transfer is in FY 2007, however all appropriations were put in FY 2008 Permanent Building Fund (PBF) budget. The Governor's Initiatives that were funded in the total public works budget include:

| | |
|--|--------------------|
| Correction: 300 bed expansion | 1,300,000 |
| Statewide: address backlog of alteration, repair, and life safety issues | 51,522,000 |
| University of Idaho: Lab | 10,000,000 |
| Health and Welfare BSL-3 lab in Boise | 900,000 |
| Health Science Bldg.-LCSC; Health Sciences & Human Svcs. Bldg.-CSI | 37,111,600 |
| | 100,833,600 |
- HB 277 transfers an additional \$500,000 from the General Fund to PBF for plan design related to long-term use of Borah, and \$339,000 for IT related upgrades and improvements for the Capitol Mall during the statehouse restoration.

FY 2007 General Fund Appropriation and Estimated Expenditures by Department

| Department | Original Appropriation | Special Session Approp. (HB 1) | Reappro- priations | Supplementals | Recissions, and Reversions * | Estimated Expenditures |
|--------------------------------------|-----------------------------------|---|-------------------------------|----------------------|---|-----------------------------------|
| General Government: | | | | | | |
| Administration, Dept. | \$9,016,600 | \$0 | \$0 | \$0 | \$0 | \$9,016,600 |
| Attorney General | 16,064,400 | 0 | 1,619,400 | 95,100 | (700,000) | 17,078,900 |
| Controller, State | 6,627,500 | 0 | 564,500 | 0 | (10,000) | 7,182,000 |
| Governor, Office | 1,485,800 | 0 | 0 | 0 | 0 | 1,485,800 |
| Governor, Executive Office | 16,441,600 | 0 | 0 | 0 | 0 | 16,441,600 |
| Legislative Branch | 10,759,300 | 0 | 298,600 | 0 | 0 | 11,057,900 |
| Lieutenant Governor | 119,500 | 0 | 0 | 15,000 | 0 | 134,500 |
| Revenue and Taxation, Dept. | 25,199,700 | 0 | 0 | 149,000 | 0 | 25,348,700 |
| Secretary of State | 2,020,300 | 0 | 0 | 0 | 0 | 2,020,300 |
| Treasurer, State | <u>1,249,300</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,249,300</u> |
| Total General Government | 88,984,000 | 0 | 2,482,500 | 259,100 | (710,000) | 91,015,600 |
| Public Safety: | | | | | | |
| Correction, Dept. | 143,643,600 | | 848,900 | 3,022,200 | (3,086,600) | 144,428,100 |
| Judicial Branch | 27,749,100 | 0 | 0 | 0 | 0 | 27,749,100 |
| Juvenile Corrections, Dept. | 34,348,900 | 0 | 62,700 | 0 | 0 | 34,411,600 |
| Police, Idaho State | <u>17,344,400</u> | <u>0</u> | <u>0</u> | <u>249,500</u> | <u>0</u> | <u>17,593,900</u> |
| Total Public Safety | 223,086,000 | 0 | 911,600 | 3,271,700 | (3,086,600) | 224,182,700 |
| Health & Human Services: | | | | | | |
| Catastrophic Health Care | 20,766,800 | 0 | 0 | 0 | 0 | 20,766,800 |
| Health and Welfare, Dept. | 502,370,700 | 0 | 0 | 1,904,700 | (15,158,700) | 489,116,700 |
| Public Health Districts | 9,809,700 | 0 | 0 | 0 | 0 | 9,809,700 |
| Independent Living Council | <u>119,700</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>119,700</u> |
| Total Health & Hum. Serv. | 533,066,900 | 0 | 0 | 1,904,700 | (15,158,700) | 519,812,900 |
| Education: | | | | | | |
| Agr. Research and Extension | 26,129,000 | 0 | 0 | 0 | 0 | 26,129,000 |
| College and Universities | 243,726,400 | 0 | 0 | 0 | 0 | 243,726,400 |
| Community Colleges | 22,067,200 | 0 | 0 | 0 | 0 | 22,067,200 |
| Deaf and Blind School | 7,694,100 | 0 | 0 | 0 | 0 | 7,694,100 |
| Educ., Office of State Board | 4,764,600 | 0 | 0 | 1,700,000 | (22,400) | 6,442,200 |
| Health Education Programs | 8,800,000 | 0 | 34,400 | 0 | 0 | 8,834,400 |
| Historical Society | 2,375,900 | 0 | 0 | 117,300 | 0 | 2,493,200 |
| Library, State | 2,663,900 | 0 | 0 | 0 | 0 | 2,663,900 |
| Professional-Technical Educ. | 48,714,300 | | 90,500 | 0 | 0 | 48,804,800 |
| Public Broadcasting | 1,658,600 | 0 | 0 | 0 | 0 | 1,658,600 |
| Public Schools | 1,040,941,300 | 250,645,700 | 0 | 0 | 0 | 1,291,587,000 |
| Special Programs | 9,971,800 | 0 | 0 | 0 | 0 | 9,971,800 |
| Super. of Public Instruction | 5,422,500 | 0 | 0 | 0 | 0 | 5,422,500 |
| Vocational Rehabilitation | <u>8,113,600</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>8,113,600</u> |
| Total Education | 1,433,043,200 | 250,645,700 | 124,900 | 1,817,300 | (22,400) | 1,685,608,700 |
| Economic Development: | | | | | | |
| Agriculture, Dept. | 10,727,100 | 0 | 0 | 0 | 0 | 10,727,100 |
| Commerce and Labor, Dept. | 8,898,700 | 0 | 0 | 0 | 0 | 8,898,700 |
| Self-Governing Agencies | <u>3,757,300</u> | <u>0</u> | <u>0</u> | <u>14,500</u> | <u>0</u> | <u>3,771,800</u> |
| Total Econ. Development | 23,383,100 | 0 | 0 | 14,500 | 0 | 23,397,600 |
| Natural Resources: | | | | | | |
| Environmental Quality, Dept. | 16,247,000 | 0 | 0 | 0 | 0 | 16,247,000 |
| Lands, Dept. | 4,769,100 | 0 | 0 | 0 | 0 | 4,769,100 |
| Parks and Recreation, Dept. | 7,144,300 | 0 | 75,100 | 0 | 0 | 7,219,400 |
| Water Resources, Dept. | <u>13,354,200</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>13,354,200</u> |
| Total Natural Resources | 41,514,600 | 0 | 75,100 | 0 | 0 | 41,589,700 |
| State Totals | \$2,343,077,800 | \$250,645,700 | \$3,594,100 | \$7,267,300 | (\$18,977,700) | \$2,585,607,200 |

*Includes \$732,4000 in other agency adjustments made prior to end of FY 2007.

FY 2007 Supplemental Executive Budget to Appropriations Comparison

| Department | Item | FTP | | General Fund | | Total Funds | |
|-------------------------|---|-------------|-------------|----------------------|-----------------------|-----------------------|-----------------------|
| | | EB | App. | Rev. EB | Approp. | Rev. EB | Approp. |
| Administration, Dept. | Vacation/Comp time buyout | 0.00 | 0.00 | \$200,000 | \$0 | \$570,300 | \$0 |
| Attorney General | Trailer to HB 166 aa | 0.00 | 2.00 | 0 | 95,100 | 0 | 145,100 |
| Arts Commission | Federal grants | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Human Resources, Div. | Vacation/Comp time buyout | 0.00 | 0.00 | 0 | 0 | 200,000 | 0 |
| Legislative Council | Capitol restoration relocation costs (some one-time) | 0.00 | 0.00 | 0 | 0 | 1,500,000 | 1,500,000 |
| | Capitol Annex | 0.00 | 0.00 | 0 | 0 | 0 | 1,750,400 |
| Lt. Governor | Additional FTP | 0.00 | 1.00 | 0 | 15,000 | 0 | 15,000 |
| Tax Appeals Board | Additional hearings costs (one-time) | 0.00 | 0.25 | 165,600 | 149,000 | 165,600 | 149,000 |
| Secretary of State | Transfer \$110,000 from Capital Outlay to OE (OT) | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Capital Budget | Contingency for the 300 bed ICC expansion (OT) | 0.00 | 0.00 | 0 | 0 | 830,000 | 0 |
| Correction, Dept. | Increased fuel costs | 0.00 | 0.00 | 0 | 171,100 | 0 | 171,100 |
| | Increased utility costs | 0.00 | 0.00 | 292,700 | 257,300 | 292,700 | 257,300 |
| | Correctional integrated system contract | 0.00 | 0.00 | 44,200 | 44,200 | 44,200 | 44,200 |
| | Medical services contract anticipated increase | 0.00 | 0.00 | 63,300 | 107,300 | 63,300 | 107,300 |
| | Reduction in out-of-state inmate housing costs | 0.00 | 0.00 | (2,386,000) | (3,086,600) | (2,386,000) | (3,086,600) |
| | 50 bed expansion at the Idaho State Corr. Inst. | 0.00 | 0.00 | 73,500 | 73,500 | 73,500 | 73,500 |
| | Replace endowment funds | 0.00 | 0.00 | 278,400 | 0 | 278,400 | 278,400 |
| | Add 242 beds at the Idaho Correctional Center | 0.00 | 0.00 | 2,386,000 | 2,338,600 | 2,386,000 | 2,338,600 |
| | Additional office space for Pardons & Parole Comm. | 0.00 | 0.00 | 30,200 | 30,200 | 30,200 | 30,200 |
| | Additional Capital Outlay for Correctional Industries | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Juvenile Corrections | Purchase two 15-passenger buses (one-time) | 0.00 | 0.00 | 112,200 | 0 | 112,200 | 0 |
| Idaho State Police | Increased fuel costs | 0.00 | 0.00 | 0 | 249,500 | 0 | 249,500 |
| Health & Welfare, Dept. | Physical Health - purchase additional vaccines | 0.00 | 0.00 | 266,000 | 266,000 | 266,000 | 266,000 |
| | Physical Health - replace TANF funds | 0.00 | 0.00 | 1,050,000 | 750,000 | 1,050,000 | 0 |
| | Physical Health - additional receipts | 0.00 | 0.00 | 0 | 0 | 400,000 | 400,000 |
| | EMS - replace \$100,000 TANF funds with Ded. | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| | Vaccine: Rotavirus, Varicella, Pandemic Flu | 0.00 | 0.00 | 0 | (266,000) | 0 | (266,000) |
| | Substance Abuse - additional receipts | 0.00 | 0.00 | 0 | 0 | 225,800 | 225,800 |
| | Self-Reliance - Casey Family Foundation grant | 0.00 | 0.00 | 0 | 0 | 50,000 | 50,000 |
| | Medical Assist. - replace federal funds (CMS audit) | 0.00 | 0.00 | 853,100 | 853,100 | 0 | 0 |
| | Medical Assist. - HIPPA National Provider ID (OT) | 0.00 | 0.00 | 301,600 | 301,600 | 3,016,000 | 3,016,000 |
| | Medical Assist. - anticipated cost savings | 0.00 | 0.00 | (11,161,400) | (15,144,200) | (37,204,600) | (45,537,900) |
| | Family & Comm. Serv. - additional receipts | 0.00 | 0.00 | 0 | 0 | 363,900 | 326,700 |
| | Mental Health - AMH uncompensated care increase | 0.00 | 0.00 | 900,000 | 0 | 458,600 | 0 |
| | Mental Health - additional receipts at SHS | 0.00 | 0.00 | 0 | 0 | 1,000,000 | 1,000,000 |
| | Develp. Disabilities - additional receipts at ISSH | 0.00 | 0.00 | 0 | 0 | 200,000 | 400,000 |
| Office St. Board Educ. | Extend NW Evaluation Assoc. contract (OT) | 0.00 | 0.00 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 |
| | Continue 2nd & 9th grade testing (some OT) | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| | Federal GEAR UP grant for at risk college students | 2.00 | 2.00 | 0 | 0 | 833,200 | 833,200 |
| | Teacher incentive pilot grant | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Historical Society | Additional building maintenance costs | 0.00 | 0.00 | 45,300 | 45,300 | 45,300 | 45,300 |
| | Funding for new Fin. Specialist & pay off contract | 0.00 | 0.00 | 20,000 | 72,000 | 20,000 | 72,000 |
| Public Schools | Replace declining agricultural exemption funds (OT) | 0.00 | 0.00 | 0 | 0 | 0 | 3,892,600 |
| Super. Public Instruc. | Additional teacher certification receipts | 0.00 | 0.00 | 0 | 0 | 100,000 | 100,000 |
| | Additional receipts from the sale of equipment (OT) | 0.00 | 0.00 | 0 | 0 | 221,000 | 221,000 |
| Vocation Rehabilitation | Renal Disease caseload growth | 0.00 | 0.00 | 130,600 | 0 | 130,600 | 0 |
| Board of Examiners | School facilities remedial master | 0.00 | 0.00 | 0 | 14,500 | 0 | 14,500 |
| Pharmacy Board | Database improvements (one-time) | 0.00 | 0.00 | 0 | 0 | 56,000 | 0 |
| Occupational License | Additional investigators to handle case backlog | 0.00 | 2.00 | 0 | 0 | 0 | 36,600 |
| Transportation Dept. | Increase GARVEE funding transfer authority | 0.00 | 0.00 | 0 | 0 | 0 | 0 |
| Environmental Quality | Federal funds for CdA Basin yard remediation | 0.00 | 0.00 | 0 | 0 | 5,544,100 | 5,544,100 |
| Lands, Dept. | Fire protection rate increase costs | 0.00 | 0.00 | 0 | 0 | 116,300 | 116,300 |
| Lava Hot Springs | Spending authority for construction projects (OT) | 0.00 | 0.00 | 0 | 0 | 335,000 | 335,000 |
| Agriculture, Dept. | IFAQL Spending Authority | 0.00 | 0.00 | 0 | 0 | 200,000 | 200,000 |
| Totals | | 2.00 | 7.25 | (\$4,634,700) | (\$10,963,500) | (\$16,712,400) | (\$22,985,800) |